

Obama and the G-20

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This week's G20 Summit in London is, of course, another opportunity for the world's leaders to meet our new president and for President Obama to introduce himself to many of these leaders, and in an important sense, to reintroduce America to the world. Much of the world, including many Americans, have been looking forward to this moment when the Bush years are now officially history and our country can seek to play a constructive, forward looking and progressive role in the global community.

The story is not, for many reasons, quite as simple as this. The G20 Summit is occurring in the midst of a global economic crisis of historic proportions, one which raises important, although far from identical, problems for all of the countries participating in the summit. Due to the impact of the downturn in the US and the effect on the rest of the world of the American bubble bursting, Obama is forced into a very strange position, one that is part rock star and part Dr. Doom. The American president whose personal story and style exudes optimism will be, to a substantial extent, playing the role of pessimist, or realist, at the summit, as he must not seek to minimize the seriousness of the economic problems we all face.

Obama should have at least two substantive goals which he should try to achieve, or more likely begin to build support for, at this summit. The first is a somewhat obvious policy goal. Obama needs to win the support of as many of the countries as possible, notably Germany and France, for the US approach to the economic recovery, one that seeks to combine economic stimulus through substantial new government spending with increased regulation over the financial sector. To do this, it will be necessary to build consensus, both on the breadth and depth of the current economic crisis as well as to begin a discussion, in a bigger picture sense, of what the post recession financial, and economic, global architecture will look like.

The second goal is somewhat more complicated, although at least as important. Much of the world, for a range of reasons ranging from legitimate to cynical and political, has sought to identify the US as the primary culprit in the global economic crisis. This view is not without validity as the housing bubble and absence of oversight in the finance sector in the US has had repercussions far beyond our borders. However, many other countries benefited in an almost direct way from this during the good times. In the last several years the Chinese did not complain about having to manufacture and sell so many products to keep up with the insatiable appetite of the American consumer. Nor did we hear many complaints from Europeans who were more than happy to produce and sell cars and other products and, buoyed by a weak dollar, come to the US for shopping trips. Similarly, the high price of oil driven, at least somewhat, by this consumption did not seem to bother Russia too much over the last several years. My point here is not to blame China, Europe or Russia for the crisis, but rather to highlight the already apparent deep interconnectivity between economies in the 21st century, in bad times and in good.

This new anti-Americanism is only in its nascent stage, as Obama is still, for the most part, popular globally. Inevitably this will change as Obama will make decisions as president that will disappoint or anger various groups of people at home and abroad. For now, Obama's enormous popularity in most of the world is still a critical asset because foreign leaders will be hesitant to lay the blame on the US while our president is still so popular in their countries. Obama must leverage this renewed goodwill, not to get other countries to fix the economy precisely our way, as this will only accelerate the fading of the global excitement about Obama. Rather, the president should work to bring leaders together to address the broader problems which can only be solved cooperatively. This means, for example, he should be open to solutions that include more, or different, financial regulation than he might like and recognize that the size and type of government stimulus spending will differ from country to country, while still seeking a consensus around the major points.

A more positive view towards the US built largely on the style and narrative of our new president cannot endure. The possibility of the emergence of a new type of anti-Americanism is real. If it takes stronger hold, particularly in Europe, it will make the necessary cooperation between Europe and the US on economic and other issues considerably more difficult. Therefore, a key task for President Obama is to begin to diffuse this sentiment, not by seeking to lay the blame for the crisis elsewhere, but by focusing on the interconnectivity and the need for as many countries as possible to work towards a common strategy for confronting the current economic conditions and for building the next global economy.